

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2149 - HB 2850**

February 18, 2022

**SUMMARY OF BILL:** Requires the Department of Safety (DOS) to create a voucher program for the purpose of providing a handgun safety course to persons who purchase handguns from a licensed federal firearms dealer.

Stipulates the following:

- The voucher program must consist of a non-transferable voucher provided to a handgun purchaser at the time the handgun is purchased in this state from a licensed federal firearms dealer.
- The voucher must be valid for 30 days and entitle the handgun purchaser to participate in a handgun safety course approved by the department.
- The handgun purchaser must present the voucher to the entity providing the handgun safety course at the time the handgun purchaser participates in the course.
- The handgun purchaser must be responsible for any cost of the handgun safety course that exceeds the face value of the voucher.
- The value of the voucher must not exceed \$30.
- An entity providing an approved handgun safety course to a person presenting a voucher must be able to present the voucher to DOS for reimbursement of the cost of the course up to the face value of the voucher.

**FISCAL IMPACT:**

**Increase State Expenditures –**

**\$2,063,000/FY22-23/Handgun Permit Division**

**\$1,898,000/FY23-24 and Subsequent Years/Handgun Permit Division**

Assumptions:

- Tennessee does not directly track the number of people who purchase a handgun each year.
- Tennessee Code Annotated § 39-17-1316(c)(3) requires firearms dealers, that is, persons who are engaged in the business of dealing in firearms as a regular course of business, to obtain a criminal background check before completing the sale or transfer of a firearm. The obligation to conduct a background check applies only to firearms sales or transfers conducted by dealers. No such requirement is imposed on persons who are not in the business of dealing in firearms who make occasional sales or transfers of firearms; there

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are no other Tennessee statutes that impose a similar obligation on occasional sales or transfers by persons who are not firearms dealers.

- The Tennessee Bureau of Investigation is tasked with processing the criminal background checks through a process known as the Tennessee Instant Check System (TICS).
- Based on TICS data for the years 2019-2021, the average annual number of criminal background checks initiated for the purchase of a firearm was 637,607, with approximately a 95 percent approval rate.
- Therefore, an estimated 605,727 (637,607 checks x 95%) criminal background checks for the purchase of a firearm are approved each year.
- According to the TICS data, in the years 2019-2021, 60 percent of all firearms processed each year are handguns.
- Therefore, an estimated 363,436 (605,727 checks x 60%) criminal background checks are approved each year for the purchase of a handgun. It is assumed this number is equal to the average number of individuals who successfully purchase a handgun each year.
- According to a Pew Research Center study conducted in 2017, 66 percent of gun owners say they own more than one gun, leaving 34 percent (100% - 66%) who are assumed to only own a single gun.
- It is assumed that only first-time purchasers of firearms would be likely to utilize the voucher program to take a handgun safety course and that the percentage of gun owners who only own a single firearm, 34 percent, is equal to the percentage of annual handgun sales that go to first-time purchasers.
- Thus, the estimated number of annual handgun sales to first-time purchasers is 123,568 (363,436 handgun purchases x 34%).
- In addition, it is assumed that not every first-time purchaser of a handgun will take advantage of the voucher program to take a handgun safety course. The number of first-time purchasers who will choose to do so is unknown, but for the purposes of this analysis it is assumed to be 50 percent.
- Therefore, the estimated number of vouchers that will be redeemed annually for participation in a handgun safety course is 61,784 vouchers (123,568 purchasers x 50%).
- Per the proposed legislation, the value of the voucher must not exceed \$30.
- Based on a review of all of the approved handgun safety course vendors listed on the DOS website, the average handgun safety course costs \$38. Therefore, it is assumed that all vouchers submitted to DOS for reimbursement, will be redeemed at the full \$30 value.
- Therefore, the recurring increase in state expenditures to the DOS to reimburse handgun safety course vendors for vouchers submitted is estimated to be \$1,853,520 (61,784 vouchers x \$30) in FY22-23 and subsequent years.
- DOS will require one new Safety Examiner 2 position to administer the voucher program.
- The recurring increase in state expenditures to the DOS for one new Safety Examiner 2 position is estimated to be \$44,512 (\$32,232 salary + \$12,280 benefits) in FY22-23 subsequent years.

- In addition, significant enhancements will need to be made to the DOS's A-List system to facilitate all of the required digital transactions.
- Based on information provided by DOS, the estimated cost for the vendor to accomplish the required enhancements is \$165,000; therefore, a one-time increase of state expenditures to the DOS of \$165,000 in FY22-23.
- The total increase in state expenditures to the DOS Handgun Permit Division to implement a voucher program for the purpose of providing free handgun safety courses to purchasers of handguns is estimated to be \$2,063,032 (\$1,853,520 voucher reimbursement + \$44,512 safety examiner + \$165,000 A-List enhancements) in FY22-23 and \$1,898,032 (\$1,853,520 voucher reimbursement + \$44,512 program monitor) in FY23-24 and subsequent years.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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